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Shultz Gains Unanimous Panel Vote

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George P. Shultz moved close to confirmation as secretary of state yesterday amid reports of a new administration move to settle the vexing diplomatic dispute with China over U.S. arms sales to Taiwan.

The arms sale issue figured in testimony by Shultz before the Senate Foreign Relations Committee, which approved his nomination, 17 to 0, at the end of two days of questioning.

The committee action, following four hours of testimony by Shultz and enthusiastic comments by Republicans and Democrats, is almost certain to lead to Shultz' confirmation by the full Senate today.

Citing the pressure of world events, Senate leaders sought to expedite the nomination to obtain Senate approval yesterday. They were blocked by Sen. William Proxmire (D-Wis.), who objected to voting without having a transcript of Shultz' committee statements.

After personal approval by President Reagan, a new U.S. proposal for settlement of the Taiwan arms issue was sent to Peking within the last several days via U.S. Ambassador Arthur W. Hummel, informed sources said.

The proposal, in a draft of a Sino-American joint communique, is reported to include understandings that U.S. arms sales to Taiwan will decline eventually in quantity and quality, although there is said to be no U.S. commitment to a specific time limit on the sales.

Government sources said it is uncertain whether Peking will accept the proposal, especially in view of renewed public controversy on the matter here. One source put the chances as no better than 50-50.

Under questioning by Sen. Barry Goldwater (R-Ariz.), Shultz said he would recommend to Reagan

"prompt action" to notify Congress of additional sales to Taiwan of F5E jet fighters, as promised by Reagan last January.

Reagan's decision to continue the warplane sales, while rejecting Taiwan's bid for an even more powerful plane, brought to a head the six-month arms dispute with Peking.

Shultz did not say, nor was he asked, how long he would wait before sending the Taiwan plane sale to Capitol Hill.

According to one source, the administration is likely to send at least informal notification by the end of this month. However, there is a desire in the White House and State Department to settle the arms issue with Peking first.

Shultz' responses on Taiwan issues—including approval of sending defensive arms to Taiwan with no time limit as long as Taiwan needs them—appeared to satisfy Goldwater, a leading congressional backer of the island bastion.

Shultz went out of his way to emphasize that, in the U.S. view, the dispute between China and Taiwan should be settled peacefully.

Describing his views on the Soviet Union, Shultz called for "a strategy of confidence, strength and realism about the nature of their system and what they are trying to do" but "not a strategy of aggression, not a strategy of confrontation."

"If we identify a pattern of behavior we think is reprehensible and wrong, we shouldn't hesitate to say so. That doesn't mean we have to be flamboyant about it, but we should be clear about it and definite about it," Shultz said.

Citing biological and chemical weapons, he added, "We should not get ourselves in a position of fearing to say what is the reality because it might bother somebody." This apparently was a reference to the charges of use of "yellow rain" by communist forces in Southeast Asia and Afghanistan.

In response to various questions, Shultz took a generally tough line on East-West issues, at times barely distinguishable from the harsh rhetoric of his predecessor, Alexander M. Haig Jr.

At one point, for example, he spoke of Soviet willingness to use military power with brutality, and charged that there is "a certain bully-like quality to it."

Because of his deliberate manner and calm demeanor, Shultz' words did not create the same degree of controversy as did Haig's, however.

Committee Chairman Charles H. Percy (R-Ill.) read into the record part of a letter from William P. Clark, the White House national security adviser, seeming to suggest that "some accommodation" might be reached on U.S. assistance to the Soviet-Western European natural gas pipeline.

According to White House sources, the letter dealt with the limited question of a proposed sale to the Soviet Union of pump technology by Sundstrand Corp. of Rockford, Ill.

Clark's letter said exports of such technology is embargoed under sanctions adopted by Reagan against the Soviet Union and Poland following the martial law crackdown in Poland.

No decision has been made about a possible accommodation on this potential export, sources said.

Shultz, in response to questions, defended the sanctions in view of "the plight of the Polish people" and said that he does not think this is the time to approve Poland's application for membership in the International Monetary Fund.

In answer to a question about Poland's foreign debt, he noted that most of it is to private banks and said "we would certainly want to see" negotiations continue between the bankers and Polish authorities.

Regarding the Soviet action in Afghanistan, Shultz had words of approval and support for rebels fighting Soviet troops, but he sidestepped any statement about supplying armaments to rebel forces.

Asked about covert operation: in general, Shultz replied, "Definitely we should have the ability to use covert actions." He added that this should be done only after careful assessment and in "relatively rare circumstances."

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